DOCUMENT RESUME

ED 225 271 EA 015 305

AUTHOR	Thomas, Margaret A.; Reese, Susan J.
TITLE	Making Programmatic Decisions during a Time of Fiscal Retrenchment: The Case of Related Services for Handicapped Youth.
INSTITUTION	Rand Corp., Santa Monica, Calif.
SPONS AGENCY	Department of Education, Washington, DC.
REPORT NO	RAND-N-1881-ED
PUB DATE	Jul 82
CONTRACT	300-79-0522
NOTE	65p.
AVAILABLE FROM	Publications, Rand Corporation, 1700 Main Street, Santa Monica, CA 90406 ($7.50).
PUB TYPE	Reports - Research/Technical (143)
EDRS PRICE	MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS	Administrative Problems; Agency Cooperation; Coordination; *Disabilities; Early Childhood Education; Elementary Secondary Education; Federal Regulation; Financial Problems; Problem Solving; *Pupil Personnel Services; *Retrenchment; Services; *Special Education; State Aid; *State Programs; Tables (Data)
IDENTIFIERS	Multistate Surveys; Public Law 94 142

ABSTRACT

To investigate fiscal retrenchment effects on states' related services for handicapped youth and to help evaluate Public Law (PL) 94-142 regulations, researchers conducted 120 telephone interviews with state education agency staff in charge of related services and with other educators and citizens in 16 states representing different geographical regions, proportions of special needs populations, educational revenue sources, and levels of interest in special education. "Related services" are corrective, developmental, or supportive services to assist handicapped youth in special education, such as speech therapy or counseling. The researchers sought to discover how related services are provided, what strategies are used to manage service-delivery problems, and what the future of related services is. Interview results are presented in three sections. The first section notes PL 94-142's effects on state programs and related services and lists problems in services delivery, including economic and financial shortages, institutional and political constraints, and lack of interagency coordination and communication. The second section describes seven strategies used to manage these problems, such as interagency agreements and cost-sharing arrangements. The third section discusses factors curtailing or favoring related services in the future. An appendix outlines other types of agencies and federal programs providing related services. (RW)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

X This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official NIE position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL IN MICROFICHE ONLY HAS BEEN GRANTED BY

Tom Cockrell

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

SCOPE OF INTEREST NOTICE

The ERIC Facility has assigned this document for processing to: EA EC

In our judgement, this document is also of interest to the clearinghouses noted to the right. Indexing should reflect their special points of view.

This work was performed under Contract No. 300-79-0522 from the U.S. Department of Education.

The Rand Publications Series: The Report is the principal publication documenting and transmitting Rand's major research findings and final research results. The Rand Note reports other outputs of sponsored research for general distribution. Publications of The Rand Corporation do not necessarily reflect the opinions or policies of the sponsors of Rand research.

Published by The Rand Corporation

A RAND NOTE

MAKING PROGRAMMATIC DECISIONS DURING A TIME OF FISCAL RETRENCHMENT: THE CASE OF RELATED SERVICES FOR HANDICAPPED YOUTH

Margaret A. Thomas, Susan J. Reese

July 1982

N-1881-ED

Prepared for

The U.S. Department of Education

Rand
SANTA MONICA, CA. 90406

PREFACE

This study was conducted through The Rand Corporation's Education Policy Development Center, which is sponsored by the Office of the Assistant Secretary for Planning, Budget, and Evaluation. In response to requests from the U.S. Department of Education, the Center conducts research on the education of children with special needs, including handicapped children. This Note describes what is happening to state related services programs for handicapped youth, and is intended to provide information with which to help evaluate Public Law 94-142 regulations. Related services are developmental, corrective, or supportive services that may be required to assist handicapped youth to benefit from special education. They include such services as physical therapy, speech therapy, counseling, and transportation.

This study was conducted under Contract No. 300-79-0522 with the U.S. Department of Education.

SUMMARY

This study describes in a systematic fashion what is happening to state related services programs for handicapped youth during a time of fiscal retrenchment. In particular, this study was designed to provide information with which to help evaluate PL 94-142 regulations.

The study was guided by the following three research questions:

1. How are related services being provided in the states? What services are provided? Who is providing them? Who pays the costs of providing them? (Related services are developmental, corrective, or supportive services that may be required to assist handicapped youth to benefit from special education. They include such services as physical therapy, speech therapy, counseling, and transportation.)
2. What strategies are being used by states to manage problems confronted in providing related services? Were new organizational arrangements formed? New legislation or regulations written?
3. What is the future of related services in times of shrinking resources?

The authors conducted telephone interviews in 16 states between November 1981 and January 1982. These 16 states were selected purposefully to provide variation along five dimensions of interest: geographic region, types, and proportions of special needs populations; source of general education revenue support (i.e., whether primarily

state or local); health of state economies; and the general level of state interest in education and special education (e.g., degree of historical commitment to education and special education). Interviews were conducted with staff members in charge of related services or interagency agreements in the relevant state agencies, such as vocational rehabilitation, mental health, and health and education agencies, as well as with respondents from outside of the state system, such as members of local education agencies (LEAs) and consumer advocate groups. In total, approximately 120 telephone interviews were conducted, an average of 8 per state.

PL 94-142 has had a significant effect on state special education programs. Particularly in the area of related services, PL 94-142 has increased the states' obligation to provide services. However, we found that states perceived numerous constraints to providing these services. The primary constraints cited were the lack of funds and other resources, such as trained staff. These constraints are causing service gaps. Institutional and political constraints to providing related services were also cited. These constraints include a lack of communication and coordination among provider agencies, leading in some cases to a withdrawal of services by agencies as well as to duplication of efforts; a vague and open-ended definition of related services; a clear mandate of state education agency (SEA) responsibility for services but a lack of SEA enforcement capability; and an emerging backlash against increasing the provision of costly related services to a small fraction of the school-aged population (i.e., those that are handicapped) while services to the general student population are being curtailed.

To deal with some of the problems being experienced in providing related services, states are experimenting with a variety of strategies, most of them aimed at alleviating the institutional problems created by PL 94-142's related services mandate. The strategies focus on improving relationships among provider agencies on the assumption that cooperation leads to more efficient delivery of services. These strategies include fostering interagency cooperation through formal and informal agreements and multiagency task forces or councils. Organizational adjustments are also being made to facilitate interagency relations, with the most common being the assignment of an interagency liaison. Solutions to interagency relationships are also being sought through the legislative process. In response to financial constraints, states are seeking to stretch their resources for providing services through cost-sharing strategies. To relieve local implementation problems and modify local resistance to providing services, states are providing technical assistance and training and are relying on due process proceedings and consumer demand.

In spite of the strategies used by states to reduce the problems of providing related services, respondents said that related services probably will be diluted in the future if state economies continue to recess or PL 94-142's related services provisions are partially deregulated. State and local agencies are faced with trying to reduce program costs given fiscal retrenchment. This reduction is likely to result in attempts to eliminate certain high-cost related services (such as psychotherapy) by restricting the definition of what constitutes "related services," and in a curtailment of related services generally.

Study findings suggest, however, that such curtailment will vary from state to state and may be influenced by four factors: strong state commitment and support for special education and related services, the presence of vocal advocates and special interest groups which continue to pressure agencies to provide services, a balanced approach to providing related services by the SEA and other state agencies, and the integration of special education and related services into the larger state service delivery network.

In proposing modifications to PL 94-142, the administration's stated intent is, among other things, to reduce the burden on education agencies. We conclude that this intent will be met for related services if the administration's proposals reduce or eliminate the economic, institutional, and political constraints facing education agencies in providing services. However, proposals to deregulate PL 94-142 are unlikely to reduce the economic burden on SEAs and LEAs without a commensurate reduction in services. The federal government is seeking to reduce its own expenditures in this area. In response to reduced fiscal resources, respondents felt that states are more likely to curtail services than to provide services more cost-effectively. As a result, PL 94-142's services that were once mandated but may become discretionary under the new regulations are likely to be perceived as fringe or noncentral activities by states, and thus are likely to be curtailed or eliminated during times of severe retrenchment.

The implications of these findings are that any of PL 94-142's services and provisions considered nonexpendable should not be deregulated. To promote a more efficient sharing of responsibilities, however, it is necessary to eliminate provisions in the regulations to

PL 94-142 that institutionally and politically impede the delivery of services among state agencies--for example, by modifying the provision making SEAs and LEAs solely responsible for the provision of related services so as to make the state responsible (not merely the SEA). Finally, we conclude that states wishing to increase their support for special education and related services during this time of fiscal retrenchment will need to coordinate services across state agencies more effectively than in the past.

ACKNOWLEDGMENTS

The authors are grateful to the many people who cooperated and assisted in this study. The study built on the knowledge and perceptions shared with us by the many people we interviewed throughout the country at the local, state, and federal levels both in government and in the private sector. The authors would also like to thank their Rand colleagues for providing support and useful suggestions throughout the study. We would like to thank especially Paul Hill, Director of Rand's Education Policy Development Center, and Jackie Braitman and James Kakalik for their insightful review of previous drafts.

CONTENTS

PREFACE iii

SUMMARY v

ACKNOWLEDGMENTS xi

TABLES xv

Section

I. INTRODUCTION 1
The Policy Problem 1
Study Design 5
Organization of the Note 6

II. RELATED SERVICES: PAST AND PRESENT 7
PL 94-142's Effect on State Programs 7
PL 94-142'S Effects on Related Services 10
Problems in Delivering Related Services 11
Summary 19

III. STRATEGIES 20
Strategies Used 20
Summary 29

IV. RELATED SERVICES IN THE FUTURE 31
Curtailing Factors 31
Counterbalancing Factors 33
Summary 38

V. SUMMARY AND POLICY IMPLICATIONS 41
Summary 41
Policy Implications 43

APPENDIX: OTHER MAJOR AGENCIES AND PROGRAMS PROVIDING RELATED SERVICES TO HANDICAPPED YOUTH 47

TABLES

1. Types of Changes in State Programs Brought About by PL 94-142 9

2. Problems Cited Concerning the Provision of Related Services to Handicapped Youth 12

3. Strategies Used by States to Alleviate Problems Associated with Providing Related Services 21

I. INTRODUCTION

The purpose of this study is to describe in a systematic fashion what is happening to state related services programs for handicapped youth. In particular, this study was designed to provide information with which to help evaluate PL 94-142 regulations. We hope that this study will be used in conjunction with details to be provided in other areas as a basis for making trade-offs in special education and other programs during budgetary cutbacks.

THE POLICY PROBLEM

The Education for All Handicapped Children Act (PL 94-142) is an entitlement program. It requires that state and local education agencies (SEAs/LEAs) provide all handicapped children "free appropriate public education" (FAPE). Since the law was enacted in 1975, the number of handicapped children served nationwide in special education rose by 19 percent, from 3.38 million in 1976-77 to 4.03 million in 1980-81.[1] Public school enrollment during this period declined by 9 percent.[2] At the same time, the federal funds appropriated for the program were capped well below the 40 percent of expenditures authorized by statute. In 1980-81, $874.5 million was appropriated by the federal government for PL 94-142 grants to the states. This represented less than 9 percent of the estimated $10 billion added cost of providing special education and related services to handicapped youth.[3] In 1975-76, one

[1] Child-count figures reported to the Special Education Program (SEP).

[2] Statistical Abstract of the United States, 1980.

[3] The added costs of providing special education and related services are those costs that are beyond the average annual per elementary or secondary student costs for education. In 1980-81, these

study estimated that 14 percent of the added costs of special education and related services were contributed by the federal government.[4] Thus, special education is expanding while federal funds in support of this program fail to expand and may be cut, and as inflation reduces the purchasing power of expenditures. As a result, special education services either must be provided at less cost, decline on average, or be financially supported to an increasingly greater extent by the SEAs and LEAs.

With few exceptions, however, state governments are becoming fiscally pressed. Moreover, in many local communities, voters are failing to pass school revenue initiatives. With state and local education resources declining, meeting the services mandates of PL 94-142 comes at the expense of general education programs. Thus the SEAs/LEAs will be under increasing pressure to reduce their expenditures for special education by either reducing the scope of the service or by finding ways to provide services that are more cost-effective. One of the areas in which many states are focusing their cost-containment and efficiency efforts is in the provision of related services to handicapped youth.

Related services are services other than academic instruction which handicapped children must receive in order to benefit from special education. Related services are defined in the regulations governing the implementation of Part B of the Education of the Handicapped Act (34 CFR Part 300)[5] both by the nature of the services and by the

---

costs were estimated to be over $10 billion nationwide (J. S. Kakalik, W. S. Furry, M. A. Thomas, and M. F. Carney, The Cost of Special Education: Summary of Study Findings, The Rand Corporation, R-2858-ED, 1982).

[4] Garry D. Brewer and James S. Kakalik, Handicapped Services: Strategies for Improving Services, McGraw-Hill, New York, 1979.

[5] Formerly found at 45 CFR Part 121.

qualifications of the service providers. Services defined by their nature include speech pathology, audiology, psychological services, physical and occupational therapy, recreation, early identification and assessment of handicaps, counseling, medical services for diagnostic or evaluation purposes, and transportation. Related services defined by the qualifications of the providers include services provided by counselors, school health personnel, and physical and occupational therapists. This list, however, is not exhaustive. It might include other developmental, corrective, or supportive services if they are required to assist a handicapped student to benefit from special education. Which related services are to be provided are determined by the special education teachers and specialists at the time a child's Individualized Education Program (IEP) is written.

This open-ended definition of related services has been a source of controversy. It is not clear, in some instances, when a particular service is required to assist a handicapped youth to benefit from special education as opposed to when the service is for a general life need. As such definitional questions occur, and in the absence of further policy guidance, the courts are being used to determine what constitutes a related service. The extent to which the courts interpret related services narrowly or broadly affects a second major point of contention, namely, who is responsible for providing related services.

Under PL 94-142, the SEAs and LEAs are responsible for obtaining related services. However, state and local education agencies argue that in some cases related services are defined so broadly that they are beyond the scope of services typically offered by school personnel.

This creates two major problems. First, SEAs and LEAs become responsible for services typically provided by other agencies. Psychotherapy, for example, is typically provided by mental health agencies. State education agencies must therefore work with other state agencies to obtain related services for handicapped children. Such collaboration can be very difficult. Many of the relevant agencies are housed in different state departments and are subject to different statutes and regulations. Thus, acceptable practice in one department might not conform to the statutes or practices of another department. Second, broadly defined related services represent an expansion of the school's role at a time when government agencies at all levels are having to consider cutting back on services offered. This expansion of functions underscores yet another major point of contention concerning related services, namely, the cost of providing the services.

Who pays for related services is a critical issue. As mentioned above, related services are provided by personnel in noneducation as well as education agencies. Some of the provider agencies have interpreted PL 94-142 to mean that the SEAs are monetarily responsible to pay for all services. Accordingly, some noneducation agencies have refused to pay for the delivery of services to handicapped youth in school since PL 94-142's enactment. Thus the cost of providing some of these services has shifted from other agencies to educational agencies at a time when all public agencies face fiscal constraints.

It is important that states be able to reduce these implementation problems, especially since federal policy is being designed to shift authority for education and other public service programs from the federal government to state and local governments. New federalism,

coupled with this period of fiscal retrenchment, means that to an even greater extent than before, the future of social services, such as PL 94-142, rests with the states.

STUDY DESIGN

This study examines state approaches to related services during a period of fiscal retrenchment. The study was guided by the following three research questions:

1. How are related services being provided by the states? What services are provided? Who is providing them? Who pays the costs of providing them?
2. What strategies are being used by states to manage problems confronted in providing related services? Were new organizational arrangements formed? New legislation or regulations written?
3. What is the future of related services in times of shrinking resources?

Data for the study were collected through telephone interviews with state education and noneducation agency officials in 16 states. These 16 states were selected by a two-stage process. First, individuals knowledgeable of state special education programs nominated states that they felt had developed strategies for providing related services to handicapped youth. Second, states were identified which, in combination with the "nominated" states, would result in variation along the dimensions of interest: geographic region, types and proportions of special needs populations; source of general education revenue support (i.e., whether primarily state or local); health of state economies; and

the general level of state interest in education and special education (e.g., degree of historical commitment to education and special education).

Telephone interviews were conducted by the authors in these 16 states between November 1981 and January 1982. In total, approximately 120 telephone interviews were conducted, an average of 8 per state. The State Director of Special Education was the primary contact in each state. We talked with staff members in charge of related services or interagency agreements in the relevant state agencies, such as vocational rehabilitation, mental health, health and education agencies. Furthermore, we interviewed respondents from outside of the state system, such as members of local education agencies and consumer advocate groups. Since the study was descriptive and was designed to identify issues of importance to states, the interviews were open-ended, lasting from 20 to 90 minutes.

ORGANIZATION OF THE NOTE

Findings resulting from these interviews are reported in the sections that follow. Section II describes the effect of PL 94-142 on the states' related services programs and discusses the problems states perceive in providing related services to handicapped youth. Section III describes some of the strategies used by states to help manage the problems associated with providing these services. Section IV discusses state personnel perceptions of the future of related services to handicapped youth, and Section V summarizes the study's findings and draws some conclusions concerning the process of making policy trade-offs during a time of fiscal retrenchment.

II. RELATED SERVICES: PAST AND PRESENT

PL 94-142'S EFFECT ON STATE PROGRAMS

Public Law 94-142 has had a profound effect on state special education programs, even in states whose programs were well developed prior to the federal law's enactment.[1] Of the 16 states in the sample, 9 had mandatory special education for all handicapped children prior to the federal government's special education mandate. In fact, several of these states believe PL 94-142 was modeled after their state program. The remaining states in the sample developed mandatory special education programs and laws concurrent with PL 94-142. Nevertheless, all of the states modified either their special education statute or regulations to conform with PL 94-142's requirements--an indication of PL 94-142's specificity and emphasis on process.

Unlike the case with many other education laws, PL 94-142's advocates included not only education professionals but also coalitions of handicapped education interest groups. These groups envisioned the legislation as an extension of civil rights protections to a previously neglected segment of the population.[2] The legislation that was

---

[1] See, for example, Charles L. Blaschke et al., PL 94-142: A Study of the Implementation and Impact at the State Level, Education Turnkey Systems, Inc., August 1981, and "Local Implementation of PL 94-142: Third Year Report of a Longitudinal Study," SRI International, 1981.

[2] Edwin C. Hargrove et al., Regulations and Schools and the Implementation of Equal Education to Handicapped Children, Institute for Policy Studies, Vanderbilt University, Nashville, Tenn., March 1981, p. 18. The first right-to-education lawsuit was brought by a group of parents of mentally retarded children in Pennsylvania (PA Assoc. of Retarded Children v. Commonwealth of Pennsylvania, 343 F. Supp. 279 (E.D. Pa 1972)). The consent decree ruled that the state could not deny free public education to mentally retarded children if it provided such education to nonhandicapped children. This right-to-education was extended to all handicapped children in Mills v. Board of Education of the District of Columbia, 348 F. Supp. 866 (D.D.C. 1972).

proposed and subsequently adopted by Congress emphasized equal access and due process considerations. Furthermore, the law's processes were specified in considerable detail and the states were expected to uniformly adhere to them.

In view of PL 94-142's thoroughness and specificity, states modified their statutes or regulations to include specific processes that had not been included previously in state versions, such as monitoring by the SEA, formal due process systems for resolving disputes about individual children's services, and confidentiality of records. Others modified their statute or regulations to mandate specific types of services, such as physical and occupational therapies (PT/OT), or services to groups of children that had been excluded, such as services to the severely handicapped in state institutions. These modifications resulted in expansions of state special education programs. That state special education programs expanded as a result of PL 94-142 is confirmed by study respondents. As illustrated by the data in Table 1, in response to an open-ended question concerning changes brought about by PL 94-142, the overwhelming majority of our study respondents said that their states had changed their service delivery procedures and increased the services provided and students served.

Including new service delivery procedures was one of the major ways in which state programs changed as a result of PL 94-142. For example, with broader service mandates, more state agencies were involved in the delivery of services to handicapped youth.[3] Parents were more actively involved in the education of their handicapped children.

---

[3] See the appendix for a discussion of the types of agencies involved in providing related services to handicapped youth.

Table 1

TYPES OF CHANGES IN STATE PROGRAMS
BROUGHT ABOUT BY PL 94-142

Type of Change Mentioned	Percent(a) (N = 16)
Inclusion of new procedures	75
Increased types of services and number of staff	75
Increased number and types of students served	63

(a) Percent of states in which at least one respondent identified change.

Special education staff, as a result of the mandate for written IEPs, spent more time in assessment and treatment planning. And SEAs undertook monitoring and due process procedures which, in some states, significantly shaped the state's program. Procedural changes were not necessarily perceived as beneficial, however. Some states felt, for example, that PL 94-142 precipitated adversarial relationships with parents and increased costs through procedures such as due process.

Another major change cited by states was an expansion of staff and services. In many states, special education teachers became part of the staff in state institutions for the first time. Related services such as PT, OT, and other "more exotic" services such as psychotherapy, previously considered medical or noneducational services, were offered for the first time. And certain types of services, such as vocational

education, in some states were now automatically considered in IEP planning as a result of PL 94-142.

Finally, an increase in the numbers and types of students served in special education was another major change brought about by PL 94-142. These increases are well documented in the U.S. Office of Education's (ED) reports to Congress,[4] and are confirmed by state response in this study. For example, as one respondent states, "PL 94-142 has had an enormous impact on the state--in the past we were serving less than 60 percent of the school-aged population (within institutions), but are now serving virtually 100 percent."

PL 94-142'S EFFECTS ON RELATED SERVICES

Related services was one of the major areas in which states had to bring their programs into conformance with the federal law and regulations.[5] Of the 16 states in this sample, only 5 had specified the types of related services to be provided in their statutes or regulations. Even in these 5 states, however, state definitions of related services were not necessarily as inclusive as the federal, thus requiring states to amend their definition. A more common practice, however, was for a state law to mandate services "as necessary" to handicapped youth, leaving local districts to determine the definition of "necessary." Nine of the states' original statutes were considered generic in that they supported related services without specifically defining them. As several respondents indicated, "Related services was

[4] Progress Toward a Free Appropriate Education, Semiannual Updates on the Implementation of Public Law 94-142: The Education for All Handicapped Children Act, U.S. Office of Education, beginning 1977.

[5] "State Administration of Related Services for Handicapped Children," National Association of State Directors of Special Education, Inc., 1981.

admittedly a fuzzy area. The original (state) law talked about providing what was needed to meet the needs of a child and specified such things as equipment and special services," and "It is implied, though never stated, that all the services required will be provided." Finally, in two of the states, provision of related services was not required or implied prior to PL 94-142's enactment.

Thus, particularly in the area of related services, PL 94-142 increased the states' obligation to provide services. For education agencies in some states, it resulted in an expansion of obligated services into areas not previously provided by educators. For other state agencies, it resulted in either an expansion of the types and quantities of services provided to school-aged handicapped children, or the transference of responsibility for some of these services to education agencies. And, in so doing, many of these state agencies have encountered significant problems in obtaining or funding the required services.

PROBLEMS IN DELIVERING RELATED SERVICES

Our respondents reported that states often have difficulty delivering the required services. Lack of resources was the primary constraint cited by respondents, but institutional and political constraints were also identified by a large proportion of the respondents, as illustrated by the data in Table 2.

Insufficient Funds

Insufficient funds to pay for services falling under the rubric of "related services" is a problem cited by nearly all of the responding state education agencies and other provider agencies. Federal cuts in

Table 2

PROBLEMS CITED CONCERNING THE PROVISION OF RELATED SERVICES TO HANDICAPPED YOUTH

Type of Problem Cited	Percent(a) (N = 16)
Insufficient funds; recent cutbacks in funds	88
Lack of other resources, including staff	88
Vague, inadequate definition of related services	63
Lack of coordination, communication between agencies; professional disagreements between agencies; "turf" battles	63
Withdrawal of services by other agencies	56
Duplication or overlap of services	50
Lack of SEA enforcement capability	38
Emerging backlash against providing costly related services	38

(a) Percent of states in which at least one respondent cited the problem.

social service programs, such as Title V (Maternal and Child Health Services) and Title XX of the Social Security Act (Social Services for Low-Income and Public Assistance Recipients),[6] have resulted in service curtailments, staff layoffs and demotions, and the tightening of eligibility requirements. In some instances the cutbacks have had

[6] See the appendix for a description of these and other major federal programs that can be used to support related services to handicapped youth.

perverse effects--causing the provision of a more costly service because the recipients no longer financially qualified for less costly services. For example, several respondents indicated that federal cuts resulted in treating handicapped children more frequently than in the past on an inpatient basis, since some services were no longer covered by Medicaid on an outpatient basis. Furthermore, these federal cutbacks are exacerbated by the severe economic downturn facing some states or by limits on state revenue-generating capabilities. In many of these states, treasury surpluses have dried up and the states are also having to cut back on their support for social service programs.

In some states, the effect of scarce resources is compounded by funding formulas that serve as disincentives to LEAs to provide related services. For example, one state reimburses districts $4000 for each authorized, full-time related services person hired. Districts make up the difference in cost with PL 94-142 and district funds. As PL 94-142 funds hold steady or decline and personnel costs rise, the proportion the LEA must contribute to the cost of related services personnel increases--and serves as a disincentive to further expanding related services. The same pattern is evident in programs other than PL 94-142. The vocational education handicapped setaside requires states or local districts to match federal dollars. In states that pass on this requirement to the districts, LEAs may resist providing vocational education services to handicapped children, knowing they will have to pay half the cost of each service added.

Incidental state laws or procedures can also reduce funds available for providing related services. For example, in one state in our sample it is not legal to use third-party or private insurance for related

services because the state's insurance law contains an exclusionary clause that exempts private insurers from paying for services that are mandated by state law. Thus, since the state's special education law mandates PT and OT as related services, these as well as other similar services are no longer reimbursable expenses through private insurers.

Lacking funds for services can motivate a state to find ways of providing services more efficiently, however. For example, the cost of providing related services has prompted one state to look across agencies at the services being provided to determine where services were being duplicated and what better mechanisms might be fashioned to pay for services.

Lack of Other Resources, Including Staff

Uneven distributions of resources and lack of trained staff are contributing to service gaps in nearly all of the responding states. For example, a number of states cited a lack of adequate services for the severely emotionally disturbed and other types of children recently deinstitutionalized. In the 1970s a drive occurred to move individuals out of state institutions and into group homes or other facilities in the community. In some states more than half of the institutionalized population were moved back into the community. Schools and regional mental health centers in these communities are frequently overtaxed and unable to meet the increased demand for their services.

The physical isolation of some communities also contributes to service gaps. In many states, services in the rural areas are considered less complete. One state cited a dearth of medical facilities in rural areas. Another indicated that no prevocational evaluation or training existed in small towns and rural parts of the

state. Too low an incidence of people with handicapping conditions to warrant initiation of a specific program is the most frequent reason offered to explain these service gaps.

A lack of prior experience in providing related services is contributing to service gaps in some states. As one education respondent explained, "Our programs are still weak in the areas of social work and psychological services because we are still in the early stages of educating the LEAs of the need for these services." For states without preexisting related services programs, implementing PL 94-142 has meant either attempting to implement a myriad of services simultaneously or focusing their efforts initially on a subset of services--frequently those considered more politically acceptable. In deciding where to focus their efforts, states are undoubtedly influenced by a closely related problem--the lack of trained staff.

Even after receiving the necessary authorization and funding to hire additional personnel, some states are unable to locate trained staff. States encompassing large geographical areas or having large proportions of rural areas claim that there are too few staff to service these dispersed areas. States able to find staff claim that professionals will not agree to live in certain of the more isolated areas of the state, even for increased pay. In some states the necessary support programs to provide staff are lacking, such as university training programs in particular specialty areas. One respondent claimed, "There is no university training program for OTs. To this day we have only four OTs throughout the state, which is way out of line with need. We fare a little better with PT in that one of the state universities now trains PT assistants, which helps." The types of

staff mentioned most frequently as being unavailable were the therapists (PT, OT, and speech), social workers, and assessment specialists.

Defining the Scope of Related Services

Despite PL 94-142's general thoroughness and specificity, the definition of related services was by design open-ended. As a result, however, a majority of the states reported problems with trying to define the scope of related service. Defining related services is critical because once a service is placed under the related services rubric the SEA becomes responsible for it. In some states this responsibility includes the responsibility of paying for the services. Thus, states have spent considerable effort trying to separate "training" and "treatment and care" from "education" services. Some states appeared comfortable with their resolution of this problem, whereas others appeared to be still searching for one. One state resolved the issue by thinking in terms of jurisdictions. The agency providing the service pays for it. But this solution works only if it is accompanied by thorough SEA monitoring to ensure that handicapped youth are not being deprived of services by other agencies as a means of reducing costs. Other states have chosen not to clarify the scope of related services but instead to allow these decisions to be made on a local level. In turn, these states rely on parents exercising their due process right should a local community be overly restrictive and deny a child an appropriate service.

Lack of Coordination/Communication Between Agencies

Determining which related services to provide while writing the IEP encompasses questions of responsibilities between agencies--questions that have led to disagreements among professionals, or the by now well-documented interagency "turf battles."[7] Some respondents attribute these disagreements to a lack of uniform service standards and the professional rivalry that exists whenever disparate service methods are used. Others blame the fighting and bickering between agencies on the lack of funds being experienced by all agencies, with a service mandate directed exclusively at the SEA. Thus, as funds become increasingly scarce, other state agencies withdraw services previously provided to school-aged handicapped children.

Withdrawal of Services

Some agencies are withdrawing services to handicapped children by redefining their eligibility or financial criteria. The agencies left with the responsibility for filling the resultant service gaps regard this procedure as "dumping." Most frequently, SEAs complained of dumping by noneducation agencies, but the reverse also occurred. Several SEAs had already narrowed or were attempting to narrow the age range in which they would be responsible for providing special education services. Such a stratagem either creates a service gap or obliges other agencies to provide services to the excluded age groups.

---

[7] See, for example, C. L. Blaschke, Study of Interagency Coordination of Services for the Handicapped, prepared for the National Conference of State Legislatures, Washington, D.C., by Education Turnkey Systems, Inc., 1978.

Duplication of Services

On the other hand, in some cases eliminating services was warranted in order to eliminate duplication. It appeared that a great deal of service duplication has already been eliminated, although additional improvements were still to be made. Diagnostic evaluation was the type of service mentioned most frequently as being duplicated by a number of different agencies. In several cases a respondent justified this duplication on the basis that evaluations performed by other agencies were inappropriate or not specific enough for their purposes, thus requiring them to conduct their own evaluations prior to service delivery. However, these justifying remarks also might reflect professional jealousy or the lack of standard service definitions statewide.

Lack of SEA Enforcement Capability

Some of the aforementioned problems might be alleviated if the SEA's oversight responsibility were perceived as legitimate by other state agencies. But, as one respondent put it, "The most influence we have over other agencies is 'friendly persuasion.'" This ineffectiveness also extends into the SEA oversight of the LEAs. A number of the SEAs in our sample were criticized by local constituents for failing to force LEAs to comply with the federal/state special education mandate. One respondent readily admitted that "In this state the local school boards don't want to take orders from anyone in the state." Thus, this state felt that it could only suggest guidelines for the LEAs to follow and could not dictate to them concerning what types of services to provide.

Emerging Backlash Against Related Services

Some SEAs are enforcing the law cautiously because of the backlash they perceive building against special education. These states perceive a growing "bitter attitude toward the education of handicapped youth." They put the blame on rising district costs, declining district revenues, and the visibility of providing costly special education services--particularly related services--to a small segment of the school-age population while general education services are being curtailed.

SUMMARY

The SEAs are experiencing a number of problems implementing related services. The primary problem cited is economic. Lack of funds and other resources including staff are perceived to cause service gaps. These economic problems are exacerbated further by institutional and political constraints. A lack of communication and coordination among agencies can lead to a withdrawal of services by agencies, as well as to duplication of efforts. Assigning responsibility for related services among agencies is hindered by vague definition of related services and a lack of enforcement capability on the part of some SEAs. Finally, some SEAs perceive a backlash emerging against the provision of related services. The next section examines some of the strategies that states have adopted to deal with these problems.

III. STRATEGIES

To cope with the problems cited above, states have experimented with a variety of strategies. Some were deliberately undertaken to facilitate the provision of related services. Others were undertaken for reasons unrelated to special education, but were later found to be useful in the provision of related services. And some reportedly were undertaken primarily for show, with hope, but little expectation, that they would be useful for related services.

STRATEGIES USED

Written Agreements

As illustrated by the data in Table 3, developing written interagency agreements (IAs) was a strategy which all states pursued but at which few felt they were fully successful. The prevalence of IAs reflects the federal government's influence. For example, several of the states indicated that SEP had refused to approve their Annual Program Plan (APP) unless the state showed evidence of having developed written agreements between agencies. Most states contend that these agreements have limited usefulness. In fact, one respondent indicated that he thought "there was an inverse relationship between the number of formal agreements at the state level and service delivery at the local level." Others simply felt that IAs were meaningless and "not worth the paper they are written on."

Although a seemingly straightforward and necessary strategy, IAs often fail to accomplish their intended purpose for several reasons. First, because they are often pro forma documents, they do not

Table 3

STRATEGIES USED BY STATES TO ALLEVIATE PROBLEMS ASSOCIATED WITH PROVIDING RELATED SERVICES

Type of Strategy Mentioned	Percent(a) (N = 16)
Written interagency agreements	100
Organizational adjustments	63
Task force or interagency councils	63
Cost-sharing arrangements	44
Technical assistance and training	44
Encouraging consumer use of due process	38
Legislation	31

(a) Percent of states in which at least one respondent cited the strategy.

necessarily promote understanding of agency roles. Sometimes they produce no real learning, and cooperation among the agencies remains poor.

Second, the IAs frequently contain loopholes that absolve agencies of responsibility; if funding is a problem, the terms of the agreement are no longer valid. For example, one IA contained the following wording: to "provide funding to implement and carry out services required by this agreement within the limits of the federal funds available for this purpose." [Emphasis supplied]

Third, a successfully developed IA requires the commitment and involvement of all agencies. Agreements forged through open, multigroup processes reportedly met with more success than others, whereas agreements between agencies with less than open communication were frequently not successful.[1] And while several of the states in our

[1] In their study of IAs, McLaughlin and Christensen found lack of skills in interpersonal relations to be a major barrier to successful

sample had achieved the open communication necessary to develop meaningful interagency agreements, most apparently had not. On the other hand, some SEAs appeared to have workable relationships with other agencies without formal IAs.

Having successful agreements at the state level does not ensure the carrying over of this "spirit of cooperation" to the local level, however, where the services are actually provided. In recognition of this, one state wrote into its regulations a provision stating that any agreements existing at the state level exist at the local level also. Alternatively, not having effective IAs at the state level does not preclude their formation at the local level. Some of the LEAs appeared to have worked out successful IAs despite a lack of meaningful agreements at the state level.

Organizational Adjustments

Making adjustments in the organization's standard operating procedures was another strategy pursued by states to facilitate the provision of related services to handicapped youth. The commonest adjustment cited was to create an interagency liaison position, usually within the SEA.[2] The persons occupying this position are generally charged with developing IAs and coordinating services between agencies at the state level. Some are also charged with helping the LEAs work out methods for providing related services. This new position appeared

---

planning and implementation. See J. McLaughlin and M. Christensen, A Study of Interagency Collaboration Agreements to Discover Training Needs for Special Education Administrators, Final Report: Year One, Virginia Polytechnic Institute, Blacksburg, Virginia, 1980.

[2] Several states also created liaison positions within the other major state human services agencies.

to play an important role in some states, but in others was said to lack authority and visibility.

Another strategy undertaken by several of the states was the development of a special school district to provide services to handicapped youth in state institutions. One state had already created such a district prior to PL 94-142, housing it administratively within the SEA; it provides direct educational services to youth in facilities throughout the state, while related services and custodial care continue to be provided by the social service agencies responsible for these facilities. The other state following this strategy created special school districts in anticipation of PL 94-142. These districts remain organizationally under the agency responsible for the institution, but are administratively under the SEA.

Operating special school districts appeared advantageous in a number of ways. First, when they were formed, additional state and federal funds became available, and students in institutions thereupon qualified for education-targeted funds. Second, as a result of these special school districts, less adjustment was necessary following PL 94-142's enactment since the staff in these institutions were already used to having two separate agencies jointly responsible for providing services. Third, the educational staff within these districts met SEA certification standards. Thus, these states avoided the resentment that occurred in some of the other states when the staff providing educational services in institutions were told they needed to upgrade their skills to meet PL 94-142's standards. As a result, although special school districts were not necessarily a direct outgrowth of PL 94-142, their creation facilitated the delivery of services to

handicapped youth in state-operated facilities. In particular, it appeared that questions of responsibility for providing related services in institutions had been ironed out better in the two states operating special school districts.

Another organizational adjustment pursued by some of the states' special education units was to give other agencies a stake in the program's success by incorporating them into the program. This incorporation was achieved through a variety of means. At the state level, a member from another agency, such as vocational education, might be assigned to the state's special education unit. Or administrators from some of the key human services agencies might be recruited to help design and implement the state's special education program. At the local level, representatives from other agencies would routinely serve as members of the IEP team. Or special education directors would be assigned to each district to ensure at least one advocate on site. The strategies of incorporating potential adversaries into the program and building constituencies at the local level by appointing special education directors in each district were generally considered useful by the states. However, some states indicated that communication had not improved much as a result of assigning representatives to each other's agencies.

Task Force or Interagency Councils

A sizable number of states have also formed multiagency task forces or interagency councils to advise and oversee the delivery of related services to handicapped youth. These councils have met with varying success. They are frequently formed in response to problems caused by overlapping statutes or conflicts involving two or more agencies. They

typically comprise representatives from the various agencies and are charged with the responsibility for ensuring that the services provided to handicapped youth are coordinated and that youth served by more than one agency do not "slip through the cracks." Some states require complementary councils on the local level.

These councils appear to serve a useful purpose: to identify problems in service coordination, propose useful solutions, and ensure that these solutions are carried out. The most common criticism leveled against these types of councils was their lack of authority. In most states, interagency councils did not have the force of law behind their decisions, and thus they could not ensure that the solutions proposed would be carried out. And some respondents felt that these task forces had become pro forma. State agency administrators appointed representatives to the councils as a matter of routine, but then ignored council reports.

A variant of these councils is the task force formed to serve as a watchdog agency. Such task forces are composed of representatives of advocate and consumer groups, rather than of the various agencies, and they typically report their findings to the legislature or governor. Most of these watchdog groups are too new to evaluate. To the extent that their findings are taken seriously, however, they would seem to fill a very useful purpose by helping to keep high-level decisionmakers abreast of the state's related services programs.

Cost-Sharing Arrangements

In an effort to compensate for their lack of funds, SEAs have developed cost-sharing arrangements with other provider agencies. Some of these arrangements were forged while developing IAs. Others

originated in an interagency council recommendation. Still others have been written into state legislation.

The most common cost-sharing arrangement concerns the education of children in state institutions. Prior to PL 94-142, a noneducation provider agency typically was responsible for all of the services being provided to children in state institutions, including educational services. Subsequent to PL 94-142 and the increased educational service requirements it mandated, in many of the states LEAs began paying for or actually providing educational services in state institutions. The other provider agency continued to provide treatment and custodial care services.

In a less common cost-sharing arrangement, the agency that lacks the facility or program to serve the child in the community becomes responsible for the cost of serving the child elsewhere. Thus, if the LEA does not have an appropriate special education program for the handicapped child, the LEA pays the cost of the child's out-of-district placement, including room-and-board costs if applicable. Conversely, if the LEA has a suitable program but other supportive services are lacking in the community, then the other provider agency pays the cost. If both the education and noneducation agencies lack appropriate programs, the cost is shared.

Finally, a few of the states have worked out cost-sharing arrangements involving third-party insurers and Medicaid payments for services to Medicaid-eligible handicapped students. Such arrangements allow federal dollars to be used in place of state dollars. However, they are also difficult arrangements to make, in that the state must show evidence of having billed for third-party payment (i.e., private

insurance) before Medicaid, as the payer of last resort, will pay. Although a seemingly important strategy in this era of fiscal limitations, few states in our sample had achieved this arrangement. Those that had done so displayed an attitude of cooperation between agencies that was not apparent in other states.

Technical Assistance or Training

Overcoming resistance or implementation problems at the local level by assisting LEAs with their related services programs is another strategy followed by states. Basically, this assistance took one or a combination of four approaches. The first was simply to provide the LEA with information (i.e., "information is power"). For example, one SEA assisted LEAs in acquiring access to other agencies by compiling a directory of agencies and services available in their area. Several of the states indicated that they had developed guidelines for use by LEAs. These guidelines covered such topics as developing cooperative arrangements with other agencies in their area, and what types of related services personnel to involve in IEP preparation.

A second approach was to provide seed money to help an LEA develop its program. One state, for example, provided start-up funds to help implement services in the rural areas. Another state set aside a portion of its PL 94-142 grant to make minigrants to LEAs with unmet related services needs due to lack of funds.

A third approach was to develop or sponsor pilot projects in a few districts that could serve as demonstration models for the rest of the districts in the states.

The fourth approach was to train staff in the LEAs. This training could be LEA-specific (for example, honoring an LEA request to sensitize

its regular education teachers to special education issues) or statewide. For example, several of the states appeared to be systematically providing in-service training for teachers on the state and federal law and how to avoid legal suits or get through the appeals process.

In general, however, providing technical assistance and training was not cited as a major strategy used by states to help LEAs provide related services. In fact, in a number of states, respondents from outside of the system criticized the states for not taking a more active technical assistance role. By failing to do so, these states were perceived as not taking a leading role in the area of related services.

Encouraging Consumer Use of Due Process

A number of SEAs relied on parent complaints or due process procedures to force solutions to problems in the related services area. As a strategy, relying on due process implies a willingness to formulate the states' related services program on a case-by-case basis. For states that have had a number of years of experience with providing related services, and who are seeking to refine their program, a case-by-case approach may be feasible. For states in an initial stage of program development, however, relying on consumer demand to force LEAs to provide services may delay comprehensive program implementation.

States characterized by strong, vocal interest groups in the area of special education typically had developed a state special education program prior to PL 94-142, reflecting the program's early civil rights impetus. In these states, interest groups were typically well organized and their inputs appeared routinized. Thus, there is a strong correlation between early implementation and state use of due process

procedures to uncover related services problem areas. In the one case where this correlation did not exist, the state's reliance on due process procedures did not appear to have greatly influenced program development.

Legislation

A number of the states are attempting to legislate a solution to the problems of providing related services. For example, some states have written into their legislation the need to develop IAs between all of the relevant agencies. Others have legislation mandating the formation of an interagency committee and charging the committee with improving the state's coordination and delivery of services to handicapped children. Still others have specified or are seeking legislation that would delineate agency responsibility and authority. Legislative mandates appeared to carry more weight with respondents than written IAs.

SUMMARY

States are experimenting with a variety of strategies in an attempt to alleviate the problems encountered in providing related services to handicapped youth. None of these strategies is a panacea, however. Most are focused on trying to improve the relationship among the agencies providing services. These include strategies to foster interagency cooperation and the use of multiagency task forces or councils. A large number of states have also adjusted their organizations in an attempt to facilitate interagency relations. Others are seeking solutions through legislative authorities. Cost is one main impetus for trying to improve the working relationships among agencies

providing related services. A program cooperatively developed by all the provider agencies is perceived as more efficient and more likely to avoid duplication of services.

The lack of resources is also being attacked directly by the states through various cost-sharing strategies. Finally, states are attempting to relieve local implementation problems and to modify LEA resistance through a strategy of technical assistance and training. Relying on consumer demands through due process proceedings was another strategy identified by states for overcoming resistance. What effect these and other factors are likely to have on state related services programs in the future is discussed in the next section.

IV. RELATED SERVICES IN THE FUTURE

CURTAILING FACTORS

The future of related services remains uncertain at this time, but signs indicate there may be some reduction. Fiscal retrenchment is leading to a softening of the guarantees concerning special education and related services. State respondents said that related services will be diluted if, in the future, state economies continue to recess or PL 94-142, and particularly related services, regulations are reduced.

During this time of fiscal retrenchment all levels of government are faced with the need to reduce public expenditures. Special education is an area targeted for cuts by a number of states, especially those which are experiencing a backlash against the provision of costly services to handicapped youth. Some of the ways mentioned for reducing program costs include eliminating services to permissive age ranges,[1] reducing or eliminating services to the mildly handicapped (for example, LD or speech handicapped students), and serving students in the community or in an LEA-based program rather than in private placements.

State curtailment of special education services is already occurring and has been documented elsewhere.[2] State attempts to limit special education costs have been reinforced recently by a federal

---

[1] PL 94-142 mandates services for handicapped children aged 3 to 21; services to handicapped children aged 0 to 2 are permissive.

[2] SRI found that 7 of the 9 states in their study recognized that "special education cannot serve everyone," and that some states had already limited or were planning to limit their support for special education through various means, such as placing limitations on the number of handicapped children who could be counted for reimbursement purposes, tightening eligibility criteria, and dropping some special education disability categories (SRI International, op. cit.).

district court ruling which states that a handicapped child is not entitled to an "ideal" education under the law, but simply one that is "appropriate" (Bales v. Clark, 8th U.S. Circuit Court of Appeals). Under the ruling, districts can consider costs when determining what education is appropriate for a handicapped child.

Cost containment is also a thrust of the administration's efforts to change the regulations governing PL 94-142. The administration's announced intent is to strip PL 94-142 regulation of rules that go further than the law requires. The states, in turn, will take their cues from the federal government. If the rules governing related services are relaxed, most state respondents indicated they probably will relax their provision of services.

According to the study respondents, states that had established mandatory special education programs for all handicapped children in advance of PL 94-142 would, if allowed to by the courts and proposed regulations, at a minimum restrict the services they provide to those offered prior to passage of PL 94-142. Generally, this means eliminating services that states frequently considered medical rather than related or educational. Such services include psychotherapy, catheterization, and in some cases PT and OT. Other costly related services that have been mandated through the courts or Office of Civil Rights and SEP rulings, such as room-and-board costs in private institutions, would also be targeted for state deregulation.

The process by which the states would deregulate might vary from state to state. Some states modified only their special education regulations to conform to PL 94-142, which they could modify once again to reflect the changes made in the federal regulations. Other states

wrote the service guarantees into their state statutes. In these states, reduced federal regulation would require a legislative amendment to achieve the same thing at the state level. Nevertheless, it is a near certainty that all states would ride this "wave of deregulation." One state is already under direct legislative orders to deregulate anything not required by state law. And related services would be one of the primary areas targeted by states for reduced regulation.

COUNTERBALANCING FACTORS

A number of factors, then, will probably curtail the provision of related services to handicapped youth in the foreseeable future. At the same time, however, we can identify other factors within a state which might serve to maintain the present level of services. These counterbalancing factors include strong state commitment and support for special education; the presence of vocal advocate or special interest groups; a balanced approach to the provision of related services on the part of the SEA and the state; and the integration of special education and related services into the larger state service delivery network.

State Commitment and Support

In terms of program implementation, the importance of local commitment to program goals has been well documented.[3] Strongly committed states can choose to make special education a high state priority. By so doing, a state could ensure the program's continuance in spite of factors working to curtail it. In fact, in a time of increased competition for scarce resources, strong commitment may be necessary to ensure any program's future.

---

[3] See, for example, Paul Berman and Milbrey Wallin McLaughlin, Federal Programs Supporting Educational Change (Vols. I to VIII), The Rand Corporation, R-1589/1-8-HEW, 1975-1978.

Study respondents who felt that their special education program enjoyed strong support were generally more optimistic about the future of their related services program than respondents who did not perceive strong program support. Respondents from half of the SEAs in our sample felt that their state's special education program enjoyed strong support from the legislature and executive branch. Funding the program at a level considered "fair" or "more than fair," given the state's economic picture, was the most frequently cited evidence of this support. Moreover, in several states the legislature had repeatedly refused to pass more restrictive eligibility amendments to the state's special education law. Finally, in several of the states the governor or legislative branch or both were actively involved in attempting to sort out agency responsibilities for providing related services to handicapped youth.

Respondents from states not characterized as strongly committed to special education most frequently felt that state decisionmakers displayed a laissez-faire attitude toward special education. In some states this attitude translated into a refusal by state decisionmakers to influence other provider agencies to continue offering PL 94-142 mandated services to handicapped youth (i.e., to prevent other agencies from dumping). In others, it translated into a failure to make special education a high state priority.

State-level commitment to provide special education and related services may be necessary for the program's health in the face of financial and regulatory cutbacks. However, state commitment may not be sufficient if, in turn, the LEAs are not committed to providing

services. In the face of LEA resistance, strong SEA leadership to follow through on a state's commitment is critical. Some respondents were afraid, however, that reduced federal spending for PL 94-142 would eventually decimate the state's special education staff.[4] As special education staff members were lost, it would become increasingly difficult to exert strong leadership in this area. Critical functions, such as technical assistance/training to LEAs and program monitoring, might decrease as a state's PL 94-142 grant declined. State targeting of discretionary funds to related services and other perceived areas of need might also decline. For example, some states used their discretionary PL 94-142 funds to encourage reluctant LEAs to develop special education programs.[5] Thus, a reduced federal commitment to PL 94-142 could jeopardize SEA leadership in special education and related services. However, to the extent that an SEA continues to exert strong leadership in special education and related services, and in turn enjoys strong state commitment and support, it may be possible for the state to minimize future curtailment of services.

Interest Groups and Due Process Pressure

The presence of strong advocate or special interest groups pressuring reluctant LEAs and other agencies into providing services is another factor that can ameliorate the curtailment of related services to handicapped youth. Such pressure is no longer atypical. As mentioned above, PL 94-142 had its roots in civil rights legislation; it

[4] In some states, over 50 percent of the funds used for state administration of special education come from PL 94-142 (Margaret A. Thomas, State Allocation and Management of PL 94-142 Funds, The Rand Corporation, N-1561-ED, September 1980, p. 16).

[5] Ibid., p. 15.

was advanced and largely drafted by a coalition of handicapped interest groups led by the Council for Exceptional Children (CEC). In some states, handicapped interest groups had already pressured state governments into developing a special education program. Following the passage of PL 94-142, committed parents and advocates continued to push states to comply with the provisions of PL 94-142 and state laws through due process proceedings.

Due process proceedings played a significant role in shaping the related services program in at least six of the responding states. Moreover, it appears that the special education advocates in these states remain sufficiently strong to continue to be a force in shaping the states special education program.

Balanced Approach

Another factor which may affect the extent of program curtailment is the degree to which a state has balanced its approach to providing related services to handicapped youth. By "balanced" we mean the extent to which social service agencies within a state share responsibility for determining and providing the services needed by the child. States achieving a balanced approach to the provision of services have overcome many of the institutional constraints mentioned by others as impeding program implementation. Thus, if fiscal retrenchment persists, these states may be more likely than others to cooperatively develop cost-effective programs.

Three of the states in our sample appeared to be following a fully balanced approach to providing related services to handicapped youth. Two of these three states had implemented a comprehensive special education program in advance of PL 94-142. Their current approach

reflected a process of program maturation. The third state has had relatively few years during which to refine and modify its program. But, in this case, the state policymakers deliberately and slowly developed a program that reflects a clear recognition that the provision of related services to handicapped youth is a joint responsibility.

Three additional states in our sample were in the process of changing their approach to the provision of related services to handicapped youth. In these states, related services definitions were being modified. Definitions that contained a delineation of the types of services to be offered were being changed to definitions that conveyed a process (for example, defining related services as services needed to function academically or emotionally in the classroom). Moreover, in these states there was a recognition on the part of influential state decisionmakers that special education and related services are not the responsibility of the education community alone, but of all of the states' social service agencies.

Integration into the Larger Service Delivery Network

The extent to which a state integrates its special education and related services program with other state and SEA activities is another factor identified by this study which might counterbalance the curtailing forces. By "integration" we mean the extent to which related services become incorporated into the programs of the state's social services agencies. Incorporating special education activities with other state activities suggests that, in these states, special education is a state objective and is central rather than ancillary to the state's concerns.[6] Special education and related services that are integrated

[6] See Lorraine M. McDonnell and Milbrey W. McLaughlin, Education Policy and the Role of the States, The Rand Corporation, R-2755-NIE, May

with, rather than isolated from, other state-initiated activities will have a greater probability of continuing despite a reduced federal mandate.

A few states in our sample displayed evidence of having integrated aspects of their special education programs into other state programmatic activities. Several SEAs routinely plan part of their special education program with other state agencies. Another state jointly developed billing and accounting procedures with another state agency. Yet another developed standards for service delivery and staff certification that applied uniformly across state agencies. By so doing, the state's special education program becomes incorporated into standard state practices; it is no longer a federal program that has been imposed on the states. A related services program that has been integrated into the larger state service delivery network, therefore, is more likely to survive than one that has not because it is further evidence of the states' commitment to providing these services.

SUMMARY

Related services to handicapped youth are likely to be curtailed in the future as states continue to struggle with the effects of fiscal retrenchment. The extent to which services are curtailed will vary from state to state, however.

We suggest that the variance will depend in part on the presence of four state factors: state commitment and support for special education; the presence of strong and vocal advocates and special interest groups;

1982, for an analysis of internal coordination as well as other policies and procedures affecting SEA program implementation.

a balanced state approach to the provision of related services; and the integration of special education with other state activities. None of these factors alone appears sufficient to ensure the continuation of the current level of funding of a state's related services program, however. For example, state commitment is a critical factor. Yet in a number of states, fiscal constraints appeared to swamp state intentions except when the program was also balanced or well integrated.

The presence of these four factors did not appear to depend on state use of a specific set of strategies for overcoming implementation problems, however. Instead, what seemed critical was a state's ability to manage and reduce the institutional and political constraints it faces. The types of strategies identified to manage these constraints varied among the states.

In the final analysis, our judgment based on the data we obtained is that under a reduced federal mandate, 5 or 6 of the responding states will continue to provide most of the related services now mandated by PL 94-142. To be sure, there might be some curtailment of services even in these states. The related services that are most expensive and are considered least "educational" by states will probably be curtailed the most. But most related services will continue to be provided because they are mandated by the courts, they have been incorporated into other state programs, and they are consistent with state commitment to special education. Four of these states implemented their state special education program in advance of the federal law. Their programs are mature and many of the problems facing other states in providing related services have been painstakingly resolved.

We assess that one and possibly two states that have not had the benefit of program maturation will retain their commitment to providing related services. Both of these states have taken a strong leadership role in special education. Furthermore, from their program's inception, they adopted a balanced approach to the provision of related services to handicapped youth. Neither of these two states currently has a comprehensive related services program, however. A number of related services are only now beginning to be provided in these states. And yet, in one case, as the program expands the SEA is carefully integrating services with other state activities and programs. Furthermore, unlike most of the other states in our sample, this state continues to increase its financial support for special education services and, thus, for the moment can afford to expand services. In most of the other states, however, financial constraints appear to be stronger than programmatic needs and, as a result, services will be curtailed.

V. SUMMARY AND POLICY IMPLICATIONS

SUMMARY

All states are experiencing difficulties in trying to provide related services to handicapped youth. The main problem cited is lack of resources. Although all of the states complained of insufficient funds, many also are experiencing a lack of trained staff.

Some of the other problems include related services' vague definition, an emerging backlash against the provision of related services, and a lack of coordination and cooperation among agencies delivering services. This lack of coordination and cooperation in turn can result in the withdrawal of services by provider agencies, or it can result in the duplication or overlap of services. Finally, some of the SEAs cited their lack of enforcement authority as a problem in delivering related services to handicapped youth.

The strategies states have devised through the years to cope with these problems have had mixed results. Such strategies include promoting interagency cooperation by developing interagency and cost-sharing agreements, making organizational adjustments, forming task force or interagency councils, providing technical assistance and training, writing new legislation, and relying on consumer demand through due process proceedings. Most of these strategies were aimed at reducing the institutional constraints resulting from PL 94-142's related services' mandate. None of these strategies are a panacea, however. Most appeared ineffectual unless a strong state commitment to provide related services also existed. This commitment is required not

only of the SEA but also of the other state and local agencies and of the state legislative and executive branches. As a result, problems associated with providing related services persist, and are expected to increase as fiscal retrenchment sets in.

Most of the states in our sample were seeking ways to reduce or contain expenditures while coping with a reduction in revenues from the federal government for social service programs. State and local agency budgets reflect this retrenchment, and education is no exception. In looking to curtail services, the SEAs and LEAs view related services as a possible area in which to achieve savings. Related services can be costly. Some SEAs reported spending over $50,000 for one child for special education and related services. Related services can be controversial; some states report an emerging backlash among the general public against the provision of costly services to a small fraction of the school population. In most states the number of students being served in special education has been increasing while the number of students in school has been decreasing. Related services are not always perceived as legitimate services for education agencies to provide. Thus, many SEAs and LEAs make a distinction between "educational" versus "treatment" or "medical" services, and seek ways to limit their provision of the latter.

The federal government is undergoing its own retrenchment. Federal expenditures for social service programs are being reduced. In terms of related services, what was once a clear federal mandate to the states may be rescinded. If that occurred, we conclude that in the vast majority of states, SEAs and LEAs in the future would curtail their provision of related services to handicapped youth. At a minimum,

services that are atypically expensive or are considered "noneducational" would gradually be reduced if allowed by the courts. The extent to which these services are in turn picked up and provided by other agencies within the state depends on the presence of four offsetting factors: the degree of support and commitment for special education and related services within the state; the presence of strong and vocal advocates and special interest groups which continue to pressure agencies to provide services; a balanced approach by the state to providing related services; and the degree to which special education has been integrated with the services provided by other state agencies. The presence of the latter two factors may be critically important to achieving a smooth transition from a situation in which the SEAs and LEAs are mainly responsible for providing related services to one in which all service providers share the responsibility.

POLICY IMPLICATIONS

PL 94-142 established a clear principle that a comprehensive system of special education and related services is expected to be implemented throughout each state. This principle was established as a result of both federal- and state-level efforts in the area of special education. It is not clear, however, whether this principle still enjoys as strong a support.

Throughout the nation, both state and federal governments are seeking ways to reduce their fiscal responsibilities. As stated previously, an intent behind the administration's proposal to reduce the PL 94-142 regulations is, among other things, to help reduce the burden on and federal control of education agencies. States face many problems implementing their special education and related services programs.

Economic problems are a major subset of the problems facing states in the provision of related services; other problems can be thought of as institutional or political. Thus, the administration will achieve its intent of reducing the burden to the extent that its proposals reduce or eliminate the economic, institutional, and political constraints facing education agencies.

Current proposals to deregulate PL 94-142 are unlikely to reduce the economic burden on SEAs/LEAs without a commensurate reduction in services, however. The federal government is seeking to reduce its own expenditure in this area. In response to reduced fiscal resources, respondents felt that states are more likely to curtail services than to provide services more cost-effectively. Only one state in our sample sought an innovative approach to providing services more cost-effectively in response to reduced fiscal resources. In most states, reduced fiscal resources led instead to increased strain among potential service providers as each attempted to save costs by curtailing the services provided.[1] Under deregulation, services which were once mandated but may become discretionary are likely to be perceived as fringe or noncentral activities. In turn, SEAs and LEAs are likely to eliminate these fringe activities during times of severe retrenchment.[2] This likely response does not necessarily mean, however, that PL 94-142 should not be deregulated or modified.

---

[1] This finding is confirmed by a recent Rand study that looked at the effect of fiscal restraint on city spending and services. The study found that city agencies tend mainly to change the mix of detailed services, including dropping some responsibilities entirely, as a response to fiscal retrenchment. Only rarely were more economical work practices adopted. See M. D. Menchik, J. Fernandez, and M. Caggiano, How Fiscal Restraint Affects Spending and Services in the Cities, The Rand Corporation, R-2644-FF/RC, January 1982.

[2] Ibid.

Many feel that excesses exist under PL 94-142. They complain that services are being provided to handicapped youth at the expense of services to nonhandicapped youth. As a result, it can be argued that if federal and state policymakers fail to curb these excesses, "street-level bureaucrats" will.[3] In fact, there is evidence that services are already being rationed as a means of coping with PL 94-142's broad mandate.[4] Thus, the argument is made by some people that some modification of PL 94-142 is warranted. The policy issue becomes, then, a question of degree and intent.

In modifying PL 94-142, the federal government must recognize that relaxing its mandate of certain provisions and services makes these provisions and services expendable. Eliminating provisions in the regulations that institutionally or politically impede the delivery of services among state agencies, such as modifying the provision which makes SEAs and LEAs solely responsible for the provision of related services, is necessary to promote a more efficient sharing of responsibilities. But it may not be sufficient. In some of the states the resentment among agencies and the service delivery practices that have developed have become so ingrained that the modifications proposed will not readily reverse these practices. Instead, given current fiscal retrenchment, states are apt to cope with the new proposed provisions by

---

[3] "Street-level bureaucrats" is a term used by Weatherley and Lipsky to refer to public employees who interact with the public, such as classroom teachers (Richard Weatherley and Michael Lipsky, "Street Level Bureaucrats and Institutional Innovation: Implementing Special Education Reform," Harvard Educational Review, Vol. 47, No. 2, May 1977). They found that service providers rationed services as a way of coping with a mandate which dramatically increased and expanded services.

[4] SRI International, op. cit.

eliminating services that are no longer mandated. Thus, the new proposals should be carefully scrutinized to make certain that all provisions that might impede reform have been corrected and that all services and provisions being deregulated are considered truly expendable. Services and provisions that are not considered expendable should not be deregulated.

State policymakers must also recognize that service providers are apt to respond to the new proposals by eliminating or rationing discretionary activities. A state wishing to counteract this response will need to make special education and related services a high state priority. In all likelihood, however, it will not be sufficient to express strong commitment for special education and related services without also supporting this commitment with resources. Given current economic conditions, increasing a state's support for special education and related services should be coupled with improved coordination of services across state agencies. Achieving this coordination is an important challenge facing state leaders in the months ahead.

Appendix

OTHER MAJOR AGENCIES AND PROGRAMS PROVIDING RELATED SERVICES TO HANDICAPPED YOUTH

Large numbers and many types of agencies and programs provide services to handicapped youth. Describing them all would require a large and comprehensive study;[1] this appendix can do no more than provide a sampling.

In addition to SEAs and LEAs, some of the other major agencies include health, public welfare, mental health, mental retardation, social services, youth authority, corrections, vocational rehabilitation, and vocational education.

These agencies provide related services to handicapped youth through a variety of placements:

- Special purpose residential institutions, such as institutions for the mentally ill, the mentally retarded, or delinquent youth; or schools for deaf, blind, or orthopedically handicapped. These institutions or schools can be funded privately or by the state. Services to handicapped youth can be provided on or off the school's premises. Programs can be either 9- or 12-month programs.

---

[1] Indeed, such a study has been completed and forms the base for this appendix (G. D. Brewer and J. S. Kakalik, op. cit.), along with A Citizen's Guide to Changes in Human Service Programs, Jule M. Sugarman (ed.), Human Services Information Center, Washington, D.C., 1981, which briefly describes some recent funding changes in these programs.

- o Short-term hospital or homebound care.
- o Community residential care facilities, such as foster or group homes.
- o Community day-treatment centers, such as community mental health centers. These centers can be state- or privately funded. These centers sometimes restrict their services to infant and preschool youth and adults. Services are frequently provided through purchase of care arrangements.
- o Public schools.
- o State rehabilitation facilities, community colleges, and regional occupation programs.

The related services referred to throughout this report are funded from a variety of sources. Besides state, local, and PL 94-142 support, some other major funding sources or programs from which support for related services to handicapped youth can be drawn are described below.

Medicaid

Provides youth aged 0-21 from financially needy families with medical services, including the mandatory EPSDT (early and periodic screening, diagnosis, and treatment) of all Medicaid-eligible children.

Authorization: Title XIX of the Social Security Act, as amended.

FY 1981 appropriation: open.

Maternal and Child Health Services Block Grant

Incorporates those activities formerly funded under Maternal and Child Health, Crippled Children, Sudden Infant Death, Led-Based Paint Poisoning Prevention, Hemophilia Treatment Centers, Rehabilitation

Services for Disabled Children receiving SSI (Supplemental Security Income), and Adolescent Pregnancy Legislation.

Authorization: Title V of the Social Security Act, as amended.

FY 1982 authorization: $373 million.

Title XX--Block Grants to States for Social Services

Funds may be used for, but are not limited to, child care services, protective services for children and adults, services for children and adults in foster care, services related to the management and maintenance of the home, day care services for adults, transportation services, health support services and appropriate combinations of services designed to meet the special needs of children, the aged, the mentally retarded, the blind, the emotionally disturbed, the physically handicapped, and alcoholics and drug addicts.

Authorization: Title XX, Social Security Act, as amended.

FY 1981 appropriations: $2,975 million.

Rehabilitation Services (Basic Support)

Formula grants to states to provide vocational rehabilitation services to mentally and physically disabled persons. Priority service placed on the needs of those with severe disabilities.

Proposed by administration for consolidation into Social Services Block Grant but maintained by Congress as categorical program.

Authorization: Rehabilitation Act of 1973; PL 93-112 as amended by PL 93-516, 94-230, and 95-602; 29 USC 701, Title I.

FY 1981 appropriations: $854.3 million.

Vocational Education

Formula grants, 10 percent of which must be spent on handicapped youth. Funds can be used to maintain, extend, and improve vocational education in various types of schools, including high schools, state-operated schools for handicapped youth, community colleges, and area vocational schools. Program requires a 50 percent matching with state or local funds.

Under ED proposal to reauthorize the Act, this setaside would be eliminated.

Authorization: Vocational Education Act of 1963, as amended by Title II of the Education Amendments of 1976, PL 94-482; 20 USC 2301; 90 Stat. 2168-2213.

FY 1981 appropriations: $518 million.

Program for Education of Handicapped Children in State-Operated or Supported Schools (Public Law 89-313)

Formula grants to extend or improve comprehensive educational programs for disabled children in state-operated or state-supported schools.

Will be consolidated into Chapter 1 of the Elementary and Secondary Education Block Grant as of FY 1983.

Authorization: Elementary and Secondary Education Act of 1965, Title I; PL 89-100, as amended by PL 89-313, 93-380, and 95-561; 20 USC 241c(a)(5).

FY 1981 appropriations: $152.6 million. For FY 1982, Administration recommending a rescission to $116.5 million.

Title I ESEA; Neglected and Delinquent

Formula grants to expand and improve educational programs to meet the special needs of institutionalized children for whom the state has an educational responsibility.

Consolidated into Chapter 1 of the Elementary and Secondary Education Block Grant as of FY 1983.

Authorization: Elementary and Secondary Education Act of 1965; Title I; PL 89-10, as amended, and Title V of the Omnibus Budget Reconciliation Act of 1981.

FY 1981 appropriations: $34.0 million.

Administration on Developmental Disabilities

Formula grants to assist states in the provision of comprehensive services to assure that developmentally disabled persons receive services necessary to enable them to achieve their maximum potential. Services include screening, assessment, program development, implementation.

Proposed for consolidation into the Social Services Block Grant, but maintained by Congress as a categorical program.

Authorization: Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963; PL 88-164, as amended by PL 91-517, 94-103, 95-602, Title V.

FY 1981 appropriations: $50.7 million.

Community Mental Health Centers

Grants to provide comprehensive mental health services through community mental health centers.

Consolidated into the Alcohol and Drug Abuse and Mental Health Services Block Grant (Title IX of the Omnibus Budget Reconciliation Act of 1981).

Authorization: Community Mental Health Centers Act, as amended, and Title IX of the Omnibus Budget Reconciliation Act of 1981.

FY 1981 appropriations: $229.3 million.